

## **Exhibit 11**

ORIGINAL

## COMMERCIAL LOAN ACTION PLAN

To: Loan Workout Committee

From: Loan Workout Department

Date: February 15, 2011

Request: Modification – Maturity Extension  
**DAB Group LLC**  
 Account # 20-070052  
 Loan # 18-010521-3  
 139-141 Orchard Street, New York, NY 10002  
 Developer/Guarantor: Zvi Zhavian

### PURPOSE:

The above loan is scheduled for final maturity on 3/1/2011. The purpose of this review is to recommend (2) six-month extensions to allow for sufficient time to complete the construction, stabilize the property, and secure permanent take-out financing. This is the first extension request beyond the original maturity date. An OTS “non-object” is required as this loan is rated substandard and is a maturity extension to allow BFSF to hold this loan until payoff. The Bank’s CFO has confirmed an impairment charge of \$764,000 was taken 9/30/10.

<b>Borrower</b>	<b>D.A.B. Group LLC</b>	<b>Date</b>	February 15, 2011
<b>Loan #</b>	18-010588-2 18-010521-3	<b>Account #</b>	20-080020
<b>Guarantor</b>	Zvi (Ben) Zhavian	<b>Risk Rating:</b>	Substandard
<b>Orig. Date:</b> <b>Amount:</b>	8/21/2008 \$5,500,000 (acquisition note) \$19,050,000 (building note)	<b>Current Balance</b>	\$5,500,000 (acquisition note) \$7,259,568 (building note)
<b>Orig. Maturity Date</b>	9/1/2009	<b>Current Maturity Date:</b>	3/1/2011
<b>Original (BFSB) Amt. &amp; %</b>	\$11,550,000 47.046832%	<b>Book Balance (BFSB)</b>	\$6,003,074
<b>Participant Amt. &amp; %</b>	\$13,000,000 52.9531568% - SBOT	<b>Participant Bank Balance Amt.</b>	\$6,756,594 52.9531568% - SBOT
<b>Collateral</b>	139-141 Orchard Street Aka 138-140 Allen Street New York, NY	<b>Due for:</b> <b>Accrual/Non Accrual</b>	3/1/2011 Accrual
<b>Collateral Type</b>	Hospitality	<b>Block/Lot</b>	Block: 415 Lot(s): 66 & 67
<b>Appraisal Date</b>	\$37,000,000 (as-stabilized) 9/6/2007 – C&W	<b>Impairment/Charge-Off</b>	\$764,000 (12/31/10)
		<b>Net Carrying Value</b>	\$5,239,074
<b>Legal Status</b>	Current	<b>Counsel</b>	Kriss & Feuerstein

### **LOAN HISTORY:**

The referenced facilities consist of a Project Loan Note and a Building Loan Note. The total proceeds between the two facilities are \$24,550,000 which was used to (a) finance the acquisition of two mixed use buildings for \$5,500,000 (Loan #18-010521-3) and (b) \$19,050,000 (Loan #18-010588-2) to finance the construction of a 92 room, sixteen-story boutique hotel with a total gross floor area of 50,644 square feet located in New York, New York (the "collateral"). The State Bank of Texas participated in the transaction and provided (52.95315%) of the total financing.

The acquisition loan was executed on November 8, 2007 and has an outstanding balance of \$5,500,000. The building loan was executed on August 21, 2008 and has an outstanding balance of \$3,844,170.38. The Project Note was modified on August 21, 2008 to make both loans co-terminus with a final maturity of 3/1/2011.

The Mortgagor is D.A.G. Group LLC (a New York limited liability company). The guarantor on this facility is Zvi Zhavian.

The Loans are priced at WSJP + 175 bps, floor 7.75%. The loan carries an initial term of 12 months with (3) six month renewal options. There is no option to convert to perm.

### **CONSTRUCTION STATUS**

Based on a site inspection performed by Koch Engineering, P.C on December 22, 2010, the project is at the 33% level of construction completion. The total hard cost budget for this project is \$15,250,000 and the total completed and stored to date amount is \$5,094,242.11. The project is a year behind schedule due to a stop-work-order implemented by the Building Department as a result of down-zoning of the area. The project was grandfathered and allowed to continue to be built based on the original plans and specifications.

### **ACTION REQUESTED:**

The Borrower has requested a twelve month extension to allow for the completion of the hotel, stabilization of the property and to obtain permanent take-out financing. The Borrower requires additional time because of the stop-work-order imposed on the project due to the down-zoning of the area.

The loan will be modified as follows:

	<b>Current Terms</b>	<b>Requested Terms</b>
<b>Loan Amount</b>	\$5,500,000 (acquisition) \$19,050,000 (building)	Same
<b>Rate</b>	WSJP + 175 bps (7.75% floor)	Same
<b>Term</b>	One-year + (3) six-month renewal options	(2) six-month renewal options
<b>Amortization</b>	None	Same
<b>Maturity</b>	9/1/09, 3/1/10, 9/1/10, 3/1/11	9/1/11, 3/1/12
<b>Extension Fee</b>	-	.25% per extension option
<b>Appraisal</b>	\$37,000,000 (as-stabilized) 9/6/2007 – C&W \$9,180,000 – PBF (9/30/10)	Same

### **APPRAISAL SUMMARY:**

The property was underwritten as follows. The lesser of \$5,500,000 for the project loan and \$19,050,000 for the construction loan (\$24,550,000 total loan) or 75% of the "as is" appraised value on a stabilized rental basis, or 75% of the total project cost.

The appraisal dated September 6, 2007 reflected an as-stabilized value of \$37,000,000 which at 75% LTV yielded a loan amount of \$27,750,000 or \$3,199,000 over the loan approval.

The total project cost was estimated at \$36,050,000 which at 75% LTV yielded a loan amount of \$27,037,500 or \$1,487,500 over the loan approval. The appraisal was performed by Cushman & Wakefield.

<b>Cushman &amp; Wakefield September 6, 2007</b>	<b>Value Conclusion</b>
"As-Is" Value	\$11,000,000
"As-complete"	\$33,000,000
Value at stabilized rental occupancy	\$37,000,000

### **PERFORMANCE HISTORY:**

The guarantor has an insufficient credit history to determine his mortgage creditworthiness. The table below shows past and present credit history.

#### **Credit Analysis:**

<b>Description:</b>	<b>Zvi Zhavian 2/20/08</b>	<b>Zvi Zhavian 1/27/11</b>
Equifax Fico	N/A	N/A
Transunion Fico	N/A	N/A
Experian Fico	N/A	N/A
AVERAGED FICO	N/A	N/A
INDUSTRY RATING*	N/A	N/A
DELINQUENCY	0x30, 0x60, 0x90	0x30, 0x60, 0x90/

\* Per OCC/OTS Metrics Report 2<sup>nd</sup> qtr 2010, Prime (660+), Alt-A (620-659), and Sub-Prime (-620).

Mr. Zhavian's credit profile was established in 1999. There are no credit scores as Mr. Zhavian retains a minimum of credit usage as a principal (as opposed to as a guarantor).

In the past, he has had three tradelines two of which were leased vehicles and one \$500.00 line of credit with HSBC, his primary bank. Both lines have zero balances.

Recurring AGI per tax returns and Net Worth are set for below.

**Personal Financial Statements (Un-Audited/Borrower Prepared):**

<b>Zvi (Ben) Zhavian (100%)</b>	<b>a/o 6/30/2010</b>	<b>a/o 6/5/2009</b>	<b>a/o 2/20/2008</b>
Assets	\$23,341,174	\$36,705,766	\$33,990,000
Liabilities	\$14,443,695	\$12,300,000	\$9,900,000
Net Worth	\$8,897,479	\$24,405,766	\$24,090,000
Liquid Assets	\$1,200,000	\$1,435,766	\$4,500,000
RE Assets	\$21,941,174	\$35,230,000	\$29,250,000

**Cash/Income Analysis (Per IRS Form 1040)**

<b>Zvi (Ben) Zhavian:</b>					
<b>Source:</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>4 Yr. Avg. Recurring Income</b>
Wages	\$0	\$0	\$0	\$0	\$0
Interest	\$164,310	\$17,932	\$0	\$3,978	\$46,555
Dividends	\$197	\$246	\$0	\$0	\$111
Tax Refunds	\$0	\$0	\$0	\$0	\$0
Bus. Income	\$0	\$0	\$0	\$0	\$0
Capital Gains	<\$3,000>	<\$3,000>	<\$3,000>	<\$3,000>	<\$3,000>
Re/Part/SCorps	<\$222,096>	<\$768,899>	<\$457,070>	<\$444,743>	<\$473,202>
Other	\$3,125	\$0	\$0	\$0	\$781.25
AGI	<\$57,464>	<\$753,721>	<\$460,070>	<\$443,765>	<\$428,755>

**GUARANTOR ANALYSIS:**

The guarantor has shown insufficient recurring AGI (\$428,755) to cover portions of the current debt service of \$77,500 on the loan's outstanding balance of \$12,759,568. However, there is \$556,945 of interest reserve balance which will carry the loan for 5 to 6 months.

The Borrower also had a liquid asset balance of \$1.2 million which will be sufficient to cover the remaining interest to project completion and stabilization. The project is expected to be completed over the next 10 to 12 months.

**LOANS TO ONE BORROWER:**

Current BFSB Exposure To This Loan	\$6,003,074.00 (\$11,790,432 undrawn amount)
Current BFSB Limit	<u>\$9,195,000.00</u>

## MARKET TRENDS

After the worst slump in decades, all key hotel metrics – occupancy, room rates, and revenues have begun to show signs of improvements but hotel performance correlates closely to growth in gross domestic product (GDP), and an expected elongated economic recovery bodes for a more-sluggish-than typical resurgence in the lodging sector. Strong brands will attract more business. Guests prefer to play it safe with tried-and-true innkeepers and make sure budgets go further. Overall, better capitalized owners can reduce rates and knock out competitors but business-center hotels in gateway destinations enjoy the best prospects in this sector of the real estate market.

The graphs below shows hotel investment prospect trends, occupancy rates and RevPar in the hotel sector.

EXHIBIT 4-17  
U.S. Hotel Occupancy Rates and RevPAR

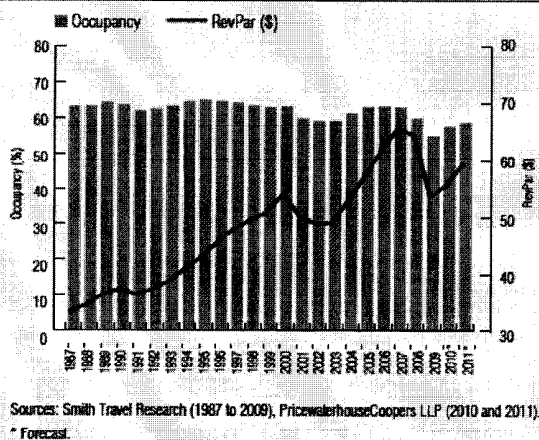
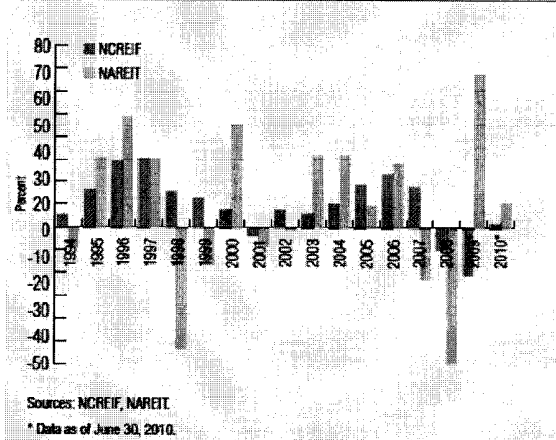
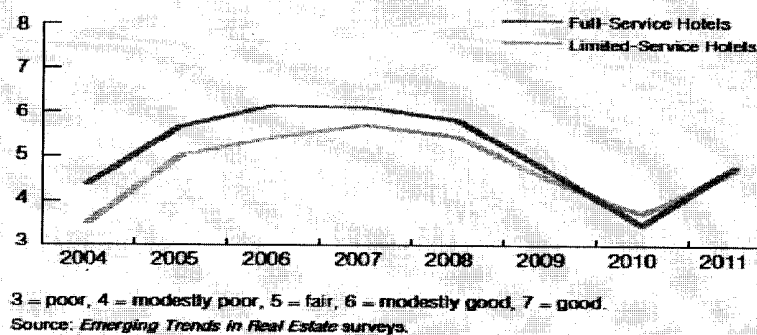


EXHIBIT 4-18  
U.S. Hotel/Lodging Property Total Returns



U.S. Hotel Investment Prospect Trends



**FINANCIAL ANALYSIS:**

**Original Underwriting Criteria Reveals The Following Project Economics (Un-Audited):**

<b>Proforma:</b>		
Proposed Hotel Income:		
	Based on 111 Rooms at \$300 per night at 365 days	\$12,154,500
	30% Vacancy	\$3,646,350
Effective Gross Income		\$8,508,150
	Expenses: 40%	\$3,403,260
Net Operating Income (NOI):		\$5,104,890
	Debt Service (\$24.55 MM@7.5%/25 yr. amort)	\$2,177,068
Cash Flow:		\$2,927,822
DSCR:	30% Vacancy	2.36x
	40% Vacancy	2.00x
	50% Vacancy	1.72x

**SUMMARY ANALYSIS**

**The loan will be modified as follows:**

<b>Requested Terms:</b>		
<b>Term:</b>	(2) 6-month extensions	
<b>Maturity:</b>	3/1/12	

**Recommendation:**

The project is 33% complete and the Borrower has requested additional time to complete the project, stabilize the building, and secure permanent take-out financing.

The project is a year behind schedule due to a stop-work-order implemented by the Building Department as a result of down-zoning of the area. The project was grandfathered and allowed to continue to be built based on the original plans and specifications. In light of the above, two six-month extension options is recommended to allow the project to be completed.

**Conclusion:**

In the absence of proceeding with this proposal, BFSB would face a timely foreclose action on the property or sale of the note at a discount. A foreclosure will take time with additional carry costs accruing to the bank. Allowing this extension will enable the loan to be paid off.


ORIGINAL

Loan # 18010521-3  
Account # 20-070052  
Borrower: DAB Group LLC  
Guarantor: Zvi (Ben) Zhavian  
Premises: 139-141 Orchard Street, New York, NY 10002


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APPROVAL: Approval of (2) six-month extension options.

LOAN OFFICER:

  
\_\_\_\_\_  
Francillia LeBlanc DATE: 2/15/11

LOAN WORKOUT OFFICER:

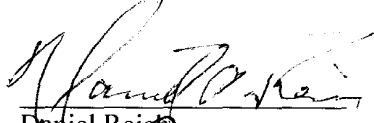
  
\_\_\_\_\_  
Bruce Gordon DATE: 2/15/11

LOAN WORKOUT OFFICER:

  
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Joanne Gallo DATE: 2/15/11

LOAN WORKOUT COMMITTEE APPROVAL

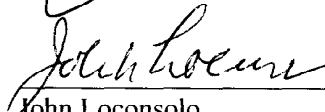
COMMITTEE:

  
\_\_\_\_\_  
Daniel Reich DATE: 2/15/11

COMMITTEE:

  
\_\_\_\_\_  
Arthur Williams DATE: 2/15/11

COMMITTEE:

  
\_\_\_\_\_  
John Loconsolo DATE: 2/15/11

Comments

\_\_\_\_\_  
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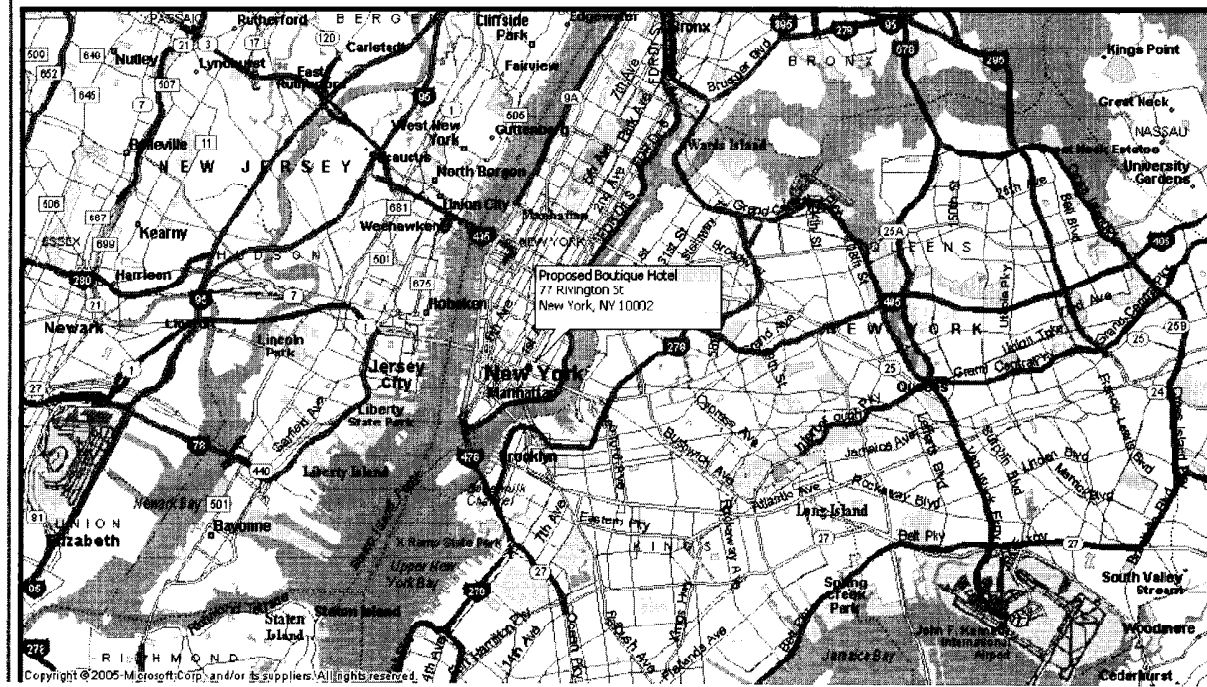


**Exhibit “A”**

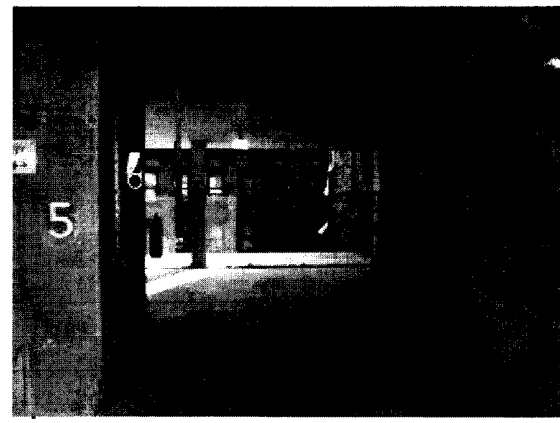
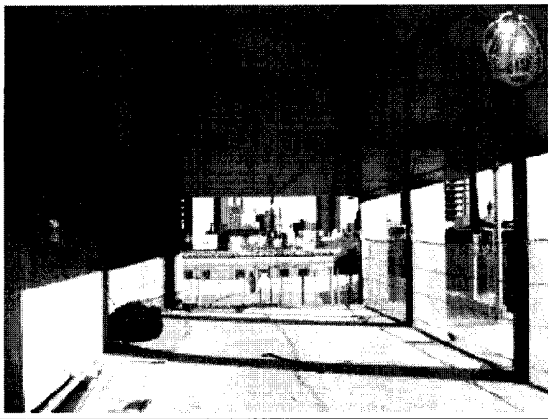
**SUBJECT PROPERTY**



**REGIONAL MAP**



**Exhibit “B”**



**Exhibit “C”**

Brooklyn Federal Savings Bank - PERSONAL FINANCIAL STATEMENT AND PERSONAL CASH FLOW ANALYSIS

Name(s): <b>Zvi Zhavian</b>						
Personal Financial Statement as of:	6/30/2010	%	6/5/2009	%	2/20/2008	%
Cash	1,200,000	5.1	1,435,766	3.9	4,500,000	13.2
Cash in Other Financial Institutions	0	0.0	0	0.0	0	0.0
Cash in Escrow Deposits	0	0.0	0	0.0	0	0.0
Marketable Securities - Non-IRA	0	0.0	0	0.0	0	0.0
CSVLI	0	0.0	0	0.0	0	0.0
<b>Subtotal - Cash &amp; Marketable Securities</b>	<b>\$1,200,000</b>	<b>5.1</b>	<b>\$1,435,766</b>	<b>3.9</b>	<b>\$4,500,000</b>	<b>13.2</b>
Securities held by Broker in Margin Accounts	0	0.0	0	0.0	200,000	0.6
Restricted, Control, or Margin Account Stocks	0	0.0	0	0.0	0	0.0
Real Estate Investments	21,941,174	94.0	35,230,000	96.0	29,250,000	86.1
Accounts, Loans, and Notes Receivable	0	0.0	0	0.0	0	0.0
Net Cash Value of Life Insurance	0	0.0	0	0.0	0	0.0
Non-marketable Securities - IRA	0	0.0	0	0.0	0	0.0
Other Personal Property - Boats, cars, jewelry, etc	200,000	0.9	40,000	0.1	40,000	0.1
Other Assets:	0	0.0	0	0.0	0	0.0
<b>Total Assets</b>	<b>\$23,341,174</b>	<b>100.0</b>	<b>\$36,705,766</b>	<b>100.0</b>	<b>\$33,990,000</b>	<b>100.0</b>
Notes payable to BFSB	0	0.0	0	0.0	0	0.0
Personal mortgages (Central Mortgage & Everhome Mortgage)	0	0.0	0	0.0	0	0.0
Lines of Credit	0	0.0	0	0.0	0	0.0
Accounts and Bills Due	0	0.0	0	0.0	0	0.0
Income Tax - est asset value/est cur liab tax basis	0	0.0	0	0.0	0	0.0
Other Unpaid Taxes and Interest	0	0.0	0	0.0	0	0.0
Real Estate Mortgages Payable	14,443,695	61.9	12,300,000	33.5	9,900,000	29.1
Loan Payable to Bank - Secured	0	0.0	0	0.0	0	0.0
Auto Loan(s)	0	0.0	0	0.0	0	0.0
Other Debts (credit cards, etc.)	0	0.0	0	0.0	0	0.0
Other Liabilities Real Estate and Businesses Owned	0	0.0	0	0.0	0	0.0
<b>Total Liabilities</b>	<b>\$14,443,695</b>	<b>61.9</b>	<b>\$12,300,000</b>	<b>33.5</b>	<b>\$9,900,000</b>	<b>29.1</b>
<b>PERSONAL NET WORTH</b>	<b>\$8,897,479</b>	<b>38.1</b>	<b>\$24,405,766</b>	<b>66.5</b>	<b>\$24,090,000</b>	<b>70.9</b>
<b>Federal Income Tax Return - Year:</b>	<b>2009</b>	<b>%</b>	<b>2008</b>	<b>%</b>	<b>2007</b>	<b>%</b>
Salary	0	0.0	0	0.0	0	0.0
Interest & Dividends [Sch B]	3,978	-0.9	0	0.0	18,178	-2.4
Capital Gains/Losses	(3,000)	0.7	(3,000)	0.7	(3,000)	0.4
Sole Proprietorship Income (Loss) [Sch C]	0	0.0	0	0.0	0	0.0
+ Interest, Depreciation, amortization, depletion	0	0.0	0	0.0	0	0.0
+/- Cash flow adjustments	0	0.0	0	0.0	0	0.0
<b>Cash flow from Sole Proprietorship</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Rental Income (Loss) [Sch E, Part I]	(444,743)	100.2	(457,070)	99.3	(768,899)	102.0
+ Interest, Depreciation, amortization	0	0.0	0	0.0	0	0.0
- Rental Real Estate Debt Service	0	0.0	0	0.0	0	0.0
<b>Cash flow from Rental Real Estate</b>	<b>(444,743)</b>	<b>100.2</b>	<b>(457,070)</b>	<b>99.3</b>	<b>(768,899)</b>	<b>102.0</b>
Partn. / S Corp Distributions (Contr) [Sch K1/M2]	0	0.0	0	0.0	0	0.0
Repayment debt due/(loan from) SH - FYE	0	0.0	0	0.0	0	0.0
<b>Cash flow from Partnerships / S-Corps</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>
Other	0	0.0	0	0.0	0	0.0
<b>Gross Personal Income from all Sources</b>	<b>(\$443,765)</b>	<b>100.0</b>	<b>(\$460,070)</b>	<b>100.0</b>	<b>(\$753,721)</b>	<b>100.0</b>
Federal and State Income Taxes [Sch A]	0		0		0	
FICA/Medicare Taxes [W-2 or 6.2% up to wage base limit & 1.45% of unlimited gross wages/salaries for Medicare]	0		0		0	
<b>Gross Funds After Taxes</b>	<b>(\$443,765)</b>		<b>(\$460,070)</b>		<b>(\$753,721)</b>	
	<u>x/x Credit Report</u>		<u>x/x Credit Report</u>		<u>x/x Credit Report</u>	
Real estate tax expense [Sch A, line 6]	0		0		0	
Residential R/E Debt Service	0		0		0	
Insurance	0		0		0	
Revolving Trade Items	0		0		0	
Installment Trade Items	0		0		0	
Other Fixed Payments (Sch A, alimony, tuition, etc.)	0		0		0	
<b>Total Fixed Payments</b>	<b>\$0</b>		<b>\$0</b>		<b>\$0</b>	
<b>Total Personal Disposable Income (b-c)</b>	<b>(\$443,765)</b>		<b>(\$460,070)</b>		<b>(\$753,721)</b>	
<b>DEBT TO INCOME RATIO (c/a)</b>	<b>0%</b>		<b>0%</b>		<b>0%</b>	
<b>CREDIT SCORE</b>						
Equifax	0		0		0	
Transunion	0		0		0	
Experian	0		0		0	
<b>DELINQUENCIES</b>	<b>0</b>		<b>0</b>		<b>0</b>	